The Lender's Advantage

U.S. Small Business Administration



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District Director's Desk: *Greetings from the Baltimore District Office:*

The U.S. Small Business Administration wants to let everyone know that we are here to assist small business owners and the lenders that serve them. The American Recovery and Reinvestment Act, generally known as the Recovery Act, is a nationwide effort to grow our economy by stimulating job creation, freeing up the nation's credit markets, and investing in small business.

Your Small Business Resource It is an exciting time for SBA – and we, along with our partners, will play a pivotal role in providing program tools that offer new economic incentives to small businesses and lenders. It is a great responsibility.

> If you have any questions or concerns about the Economic Stimulus Plan and American Recovery and Reinvestment Act don't hesitate to contact us. You can sign up for Stimulus updates and other SBA news at http://web.sba.gov/list/ check off Maryland Subscribes and at the bottom of the page put in your email address and then click Subscribe. We expect to have more information in the near future.

SBA Lending News

SBA Applauds Stimulus Bill, Planning Underway For Broadest, Quickest Small Business Impact. Please see page 4 for details.

Banking News

If you have any questions, would like some training or would just like to have the Lender Relationship Specialist visit your organization and explain the basic loan programs and what we can do to assist your institution please let us know. In addition if there is anything going on at your organization or in the community related to small business that you would like to share please send it to edward.knox@sba.gov for consideration in a future newsletter.

FYI News

Are you or is someone in your office the SBA small business point of contact for your organization? Look at our Active Lender List online and let us know if we need to change the point of contact or the phone number. We would like to add your website with the next major update, so please provide that information if you would like to have it included too. Go to www.sba.gov/md then click on local resources in the blue column on the right, then click on the "Active Lender List".

If you aren't on the email list for this newsletter or you would like to add a personal email address to receive this newsletter at home please let us know.

Upcoming Events

3/25/09: Maryland Commercial Lenders Association's Quality Circle Meeting.

Contact Ed Knox, 410-962-6195 ext. 309, for more information.

<u>Lender Rankings</u> October 1, 2008 - February 28, 2009

7(a) Approved Loans by SBA Lenders by Loans and Volume

LENDER NAME	#LOANS	AMOUNT
PROVIDENT BANK OF MARYLAND	16	\$4,280,900
SUSQUEHANNA BANK	8	\$2,583,000
MANUFACTURERS AND TRADERS TRUST COMPANY	33	\$2,030,700
FIRST UNITED BANK & TRUST	1	\$2,000,000
HOME LOAN INVESTMENT BANK, F.S.B.	1	\$2,000,000
COMPASS BANK	3	\$1,990,000
WACHOVIA BANK, NATIONAL ASSOCIATION	4	\$1,806,400
SMALL BUSINESS LOAN SOURCE, LLC	3	\$1,782,000
EAGLEBANK	2	\$1,765,000
PNC BANK, NATIONAL ASSOCIATION	4	\$1,721,800
K BANK	6	\$1,705,600
TD BANK, NATIONAL ASSOCIATION	2	\$1,635,000
NBRS FINANCIAL BANK	4	\$1,552,350
SONABANK	3	\$1,150,000
BRANCH BANKING AND TRUST COMPANY	14	\$1,116,000
HOWARD BANK	7	\$1,115,000
FIRST CHATHAM BANK	1	\$900,000
HANMI BANK	2	\$760,000
NEW WINDSOR STATE BANK	1	\$725,000
SANDY SPRING BANK	7	\$725,000
CIT SMALL BUSINESS LENDING CORPORATION	1	\$640,000
COMMUNITY BANK OF TRI -COUNTY	3	\$560,000
SUNTRUST BANK	6	\$525,000
UPS CAPITAL BUSINESS CREDIT	1	\$422,000
WILSHIRE STATE BANK	1	\$330,000
COMMERCEFIRST BANK	5	\$320,000
NEWTEK BUSINESS SERVICES, INC.	1	\$290,000
COMMUNITY WEST BANK, NATIONAL ASSOCIATION	1	\$287,500
INNOVATIVE BANK	10	\$265,000
ACCESS NATIONAL BANK	1	\$215,000
SOVEREIGN BANK	2	\$185,000
BANK OF AMERICA, NATIONAL ASSOCIATION	5	\$185,000
FIRST BANK	1	\$150,000
SUPERIOR FINANCIAL GROUP, LLC	15	\$140,000
UNITED CENTRAL BANK	1	\$100,000
BORREGO SPRINGS BANK, N.A.	2	\$100,000
STANDARD BANK, PASB	1	\$98,000
HEBRON SAVINGS BANK	1	\$60,000
RBS CITIZENS, NATIONAL ASSOCIATION	1	\$50,000
то	OTAL 7(a)'S 181	\$38,266,250
Certified Development Companies (504 Loans)		-
CHESAPEAKE BUSINESS FINANCE CORPORATION	3	\$1,759,000
BUSINESS FINANCE GROUP, INC.	4	\$1,030,000
PRINCE GEORGE'S COUNTY, FINANCIAL SERVICES CORPORA	1	\$444,000
	OTAL 504's 8	\$3,233,000
TOT	TAL LOANS 189	\$41,499,250
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SBA Applauds Stimulus Bill, Planning Underway For Broadest, Quickest Small Business Impact

WASHINGTON – The American Recovery and Reinvestment Act contains a package of loan fee reductions, higher guarantees, new SBA programs, secondary market incentives, and enhancements to current SBA programs that will help unlock credit markets and begin economic recovery for the nation's small business sector.

"The tax incentives and credit stimulus elements of the Recovery Act will truly help small business owners affected by the credit crunch, and will provide financing opportunities to help them create new jobs in their communities," said Acting SBA Administrator Darryl K. Hairston.

"There's a lot to digest in the legislation, and SBA has established teams to tackle a wide variety of policy decisions, system modifications, regulatory changes, legal requirements, and new program launches authorized by the President and Congress," said Hairston.

The bill provides \$730 million to SBA and makes changes to the agency's lending and investment programs so that they can reach more small businesses that need help. The funding includes:

- \$375 million for temporary fee reductions or eliminations on SBA loans and increased SBA guaranteed shares, up to 90 percent for certain loans
- \$255 million for a new loan program to help small businesses meet existing debt payments
- \$30 million for expanding SBA's Microloan program, enough to finance up to \$50 million in new lending and \$24 million in technical assistance grants to microlenders
- \$20 million for technology systems to streamline SBA's lending and oversight processes
- \$15 million for expanding SBA's Surety Bond Guarantee program
- \$25 million for staffing up to meet demands for new programs
- \$10 million for the Office of Inspector General

The bill also authorizes refinancing for certain SBA loans so borrowers can expand their businesses on favorable terms, and expands leverage capability for Small Business Investment Companies.

"We are going to be part of the solution, and this bill gives us specific tools to make it easier and less expensive for small businesses to get loans, give lenders new incentives to make more loans, and help restore healthy SBA secondary markets to boost liquidity," Hairston said, noting also that more details on implementation will be coming over the next few weeks.

The stimulus bill takes a comprehensive approach and attacks several problems facing small businesses at once by reducing fees, guaranteeing a greater share of certain loans, expanding capacity in the Microloan program, providing new loans to help small businesses keep their doors open through economic hardship, as well as new mechanisms to help unfreeze the secondary markets for SBA-backed loans.

Declines in SBA lending volume last year, which are continuing in FY 2009, reflect problems in the broader credit markets, and present hurdles to small businesses that are seeking credit in the current economy. The financial crisis has created a variety of conditions that impact small businesses, including a lack of liquidity in the banking system, a reluctance of many lenders to extend new loans, tightened credit standards, weaker finances at small businesses, and uncertainty about taking on new debt on the part of many entrepreneurs.

The Recovery Act addresses small businesses' lending problems, and addresses key investment and contracting issues. The bill helps Small Business Investment Companies better leverage investment capital to reach more small companies. The bill also increases the current contract limit for SBA's Surety Bond Guarantee program, which will help small businesses compete for contracts.

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90 Percent Guarantee

The bill allows SBA to raise its loan guarantee from the current levels to as much as 90 percent for some loans. At present, SBA can guarantee loans up to 85 percent on loans up to \$150,000, and up to 75 percent on loans greater than \$150,000. The 50 percent guarantee on SBA Express loans would remain unchanged. Increasing the SBA guarantee percentage will encourage lenders to extend more capital to small businesses by increasing the share covered by an SBA guarantee.

Business Stabilization Loans

The bill creates a new SBA loan program to provide deferred-payment loans of up to \$35,000 to viable small businesses that need the money to make payments on an existing, qualifying loan for up to six months. These loans will be 100 percent guaranteed by SBA. Repayment would not have to begin until 12 months after the loan is fully disbursed. The bill provides \$255 million for this new program. These loans will help ensure that small businesses have time to re-focus their business plans in order to succeed in the long run.

Microloans

The bill expands SBA's Microloan program, which provides small loans (up to \$35,000) paired with technical assistance to start-up, newly established or growing small businesses. The bill provides funding to increase loans from SBA to participating Microlenders by \$50 million through September 30, 2010, and adds \$24 million in grants to provide technical assistance to borrowers. Historically, these loans reach low-income individuals, women and minorities in both rural and urban areas. Expanding this program through the stimulus bill will help ensure these entrepreneurs are not left behind in the credit crunch.

Refinancing

The bill also gives SBA the power to use the 504 Certified Development Company program to refinance existing loans for fixed assets, providing fresh support for small business expansion. This change will help business owners expand their current development projects and create jobs in their communities.

Secondary Market Expansion

The bill authorizes SBA to establish a secondary market for pools of "first lien" loans under the 504 program. These "first lien" loans from commercial lenders currently have no SBA guarantee. The bill authorizes SBA to deploy federal guarantees for pools of these first lien loans, so that they can be sold to investors in a secondary market. Providing liquidity for these first mortgages will help encourage lenders to continue participating in SBA's 504 loan program, which provides a key source of capital for community development and other projects.

The bill also empowers SBA to set up a Secondary Market Lending Authority that would make direct loans to broker-dealers that participate in the secondary market for SBA-guaranteed 7(a) loans. These broker-dealers would use the funds to purchase SBA-backed loans from commercial lenders, assemble them into pools and sell them to investors in the secondary loan market. This program may help address some of the issues facing the secondary market for SBA loans and may ultimately help SBA lenders make new loans to borrowers.

Investment Program

The bill helps SBA-licensed Small Business Investment Companies (SBICs) and families of SBIC funds better leverage the capital they use to invest in small businesses. The bill sets maximum levels of funding the agency can provide to these companies at up to three times the private capital raised by those companies, or \$150 million, whichever is less. It also raises the percentage any one SBIC can invest in a single small business to 10 percent of total capital, and raises from 20 percent to 25 percent the percentage of any licensee's dollar investments that must be made in "smaller" businesses.

Surety Bonds

The bill also raises the maximum contract amount that can be covered by an SBA guaranteed surety bond from \$2 million to \$5 million, and, under certain circumstances, for contracts amounting to \$10 million, and provides additional funds to cover the costs of expanding this program. Small businesses need surety bonds in order to bid on and obtain many federal and other contracts. SBA guarantees surety bonds to small businesses that private surety companies would not otherwise be able to extend.